C8650-6

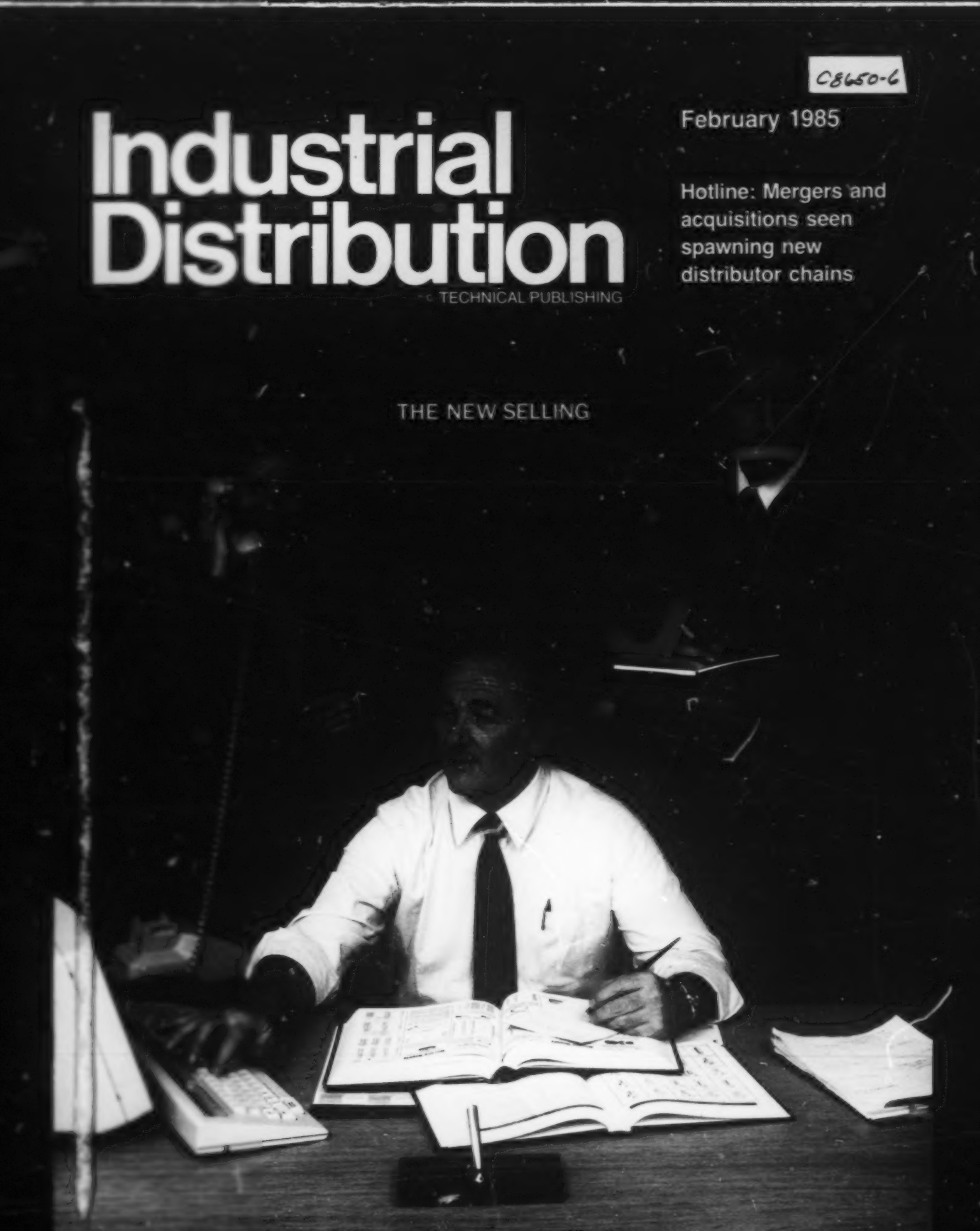
Industrial Distribution

© TECHNICAL PUBLISHING

February 1985

Hotline: Mergers and acquisitions seen spawning new distributor chains

THE NEW SELLING



ID Industrial Distribution

VOL. 74 NO. 2/74th yr. A TECHNICAL PUBLISHING PUBLICATION FEBRUARY 1985

7
INDUSTRY NEWS
Norton sees steady supply and stable prices in abrasives; Columbia General reports improved earnings in fiscal '84; Pump and compressor industry subject of new report; Call to Action; OK Tool to sell product line to distributors; Indicators; NIDA alerts members to impact of new business car law.

41
HOTLINE
Mergers and acquisitions seen spawning new distributor chains.

43
STRICTLY FOR SALESMEN
Healthy sales

47
HOW TO MAKE YOUR PRESENTATIONS COUNT

51
FIGHTING BACK
Morse Tool, Inc.

55
COMPUTER UPDATE

Industrial Distribution, (USPS-889-860) is published monthly by Technical Publishing, a Division of Dun-Donnelley Publishing Corporation, a Company of the Dun & Bradstreet Corporation, John K. Abely, President. EXECUTIVE, EDITORIAL AND ADVERTISING OFFICES, 875 Third Ave., New York, NY 10022. (212) 605-9400. Second class postage paid at Barrington, IL 60010 and additional mailing office.

Postmaster: Send address changes to Industrial Distribution, Circulation Dept., P.O. Box 1063, Barrington, IL 60010.

35 COVER STORY
THE NEW SELLING TEAM

Rapid advances in communications and marketing are changing the face of distributor sales. The new professionals are forging the sales team into a winning combination.

Cover photo: Rick Barrick

57
COMMENTARY:
Why some U.S. products don't sell in the U.S.

59
CAPSULE SALES CONCEPT
The politics of good selling

9 READER SERVICE CARD
21 MEETINGS
23 WASHINGTON REPORT
26 READERS WRITE
31 REGIONAL REPORT
33 LIKE IT OR NOT
66 WE WERE THERE
68 NEW PRODUCTS
75 IN PRINT
77 READER SERVICE CARD
82 APPOINTMENTS
85 CLASSIFIED ADVERTISING
85 ADVERTISERS' INDEX
86 TALK OF THE TRADE

61
MARKETING/ OPERATIONS IDEAS
Consumer education programs help distributors' sales; Ten qualities for effective management; Free booklet explains 1984 tax reform act; Making use of all your storage space.

Microfilm or reproductions of issues or articles are available. Write Xerox University Microfilms, Ann Arbor, MI 48109.

INDUSTRY NEWS...

Indicators . . .

The NIDA/SIDA *Industrial Distribution Index* for November '84 declined just .3 from the October figure to 136.2. All of the marginal drop took place in the Midwest which suffered a 4.1 loss. The big winner in the month was the West which advanced by 4.6. This was the third monthly retreat in a row for this Index . . . The SIDA *Monthly Sales Trend Report* advanced a healthy 13.59 in October '84 vs September. Gains ranged from a low of 8.33 in SIDA Area 4 comprising AR, LA, OK and TX to a high of 25.41 in Area 2 which includes FL, GA, SC and Puerto Rico. October '84 was 19.33 ahead of October '83 . . .ASMMA's *New Order Index* dropped in October '84 to 118.5, a 2.5 point decline from September's 121.0 for a loss of 2.1%. The *Index* is back to a level last seen in November '81 and substantially higher than any figures registered in '82 and '83. . . The American Machine Tool Distributors' Assn. *Distributor New Order Index* rose sharply in October '84 posting its highest level since December '81 closing at 79.1, a 20.8% increase over September and 43.3% ahead of October '83. . . The Power Transmission Distributors Assn's. new *Monthly Sales Trend Report* for October '84 rose 20.1 points over September to 169.0, the highest point since the PTDA started reporting data in January '83 and 35.7 points higher than October '83. All indices in the PTDA *Report* are derived from an average month in 1977 which has been assigned a value of 100.0. . . . The Associated Equipment Distributors' *Market Trends Index* of construction equipment gross sales show 31% increase in October '84 vs. October '83 although gross sales dropped by 1% in October from the previous month . . The National Welding Supply Assn. reports that its *Welding Supply Index* dropped nearly 20 points in November to 176.7, continuing its see-saw pattern. Despite this latest decline, the Index figure is still at its highest level since 1979 with the exception of four months in 1984 . . .According to the Copper & Brass Servicenter Assn.' *Flash Report* shipments of free cutting brass rod declined rather severely in November '84 to 111.2, a drop of 32.7 points from October.

[continued from page 15]

policy of "enhancing domestic operations by adding facilities and capabilities in the United States and establishing Morse International to import tools that will meet Morse standards," recently announced by James Lambert, Morse chairman and CEO. □

NIDA alerts members to impact of new business car law

PHILADELPHIA—A little-known law which, in the words of NIDA, "dramatically impacts the acquisition and use of business cars by most individuals in the United States," has been clarified by the organization.

In a memo to its members, NIDA outlines the major provisions of the new law which applies to vehicles placed into service after June 18, 1984. It affects the investment tax credit as well as depreciation and expense deduction of operating passenger automobiles for business purposes.

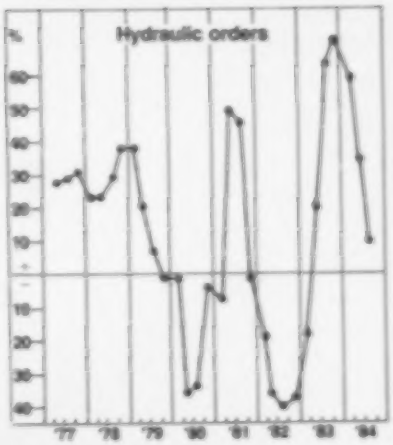
According to an analysis prepared by tax consultant Bart Basi, the six prime components of the new law are:

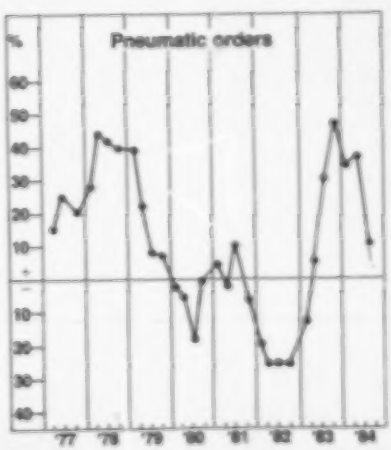
- The maximum available investment tax credit per car is $1,000.
- The maximum allowable depreciation per car is $4,000 for the first year of use and $6,000 for each subsequent year.
- Personal use of the car reduces the investment tax credit and depreciation.
- If the car is not used for at least 50% business, the investment tax credit is lost and the actual cost must be depreciated over five years on a straight line basis.
- The investment tax credit and depreciation can be taken only if the car is required for the convenience of the employer and is a condition of employment.
- For leased vehicles, the 50% test will be

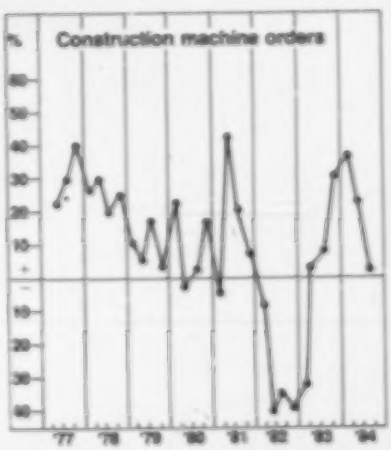
NFPA says slower but steadier growth seen for rest of 1985

MILWAUKEE, WI—The National Fluid Power Assn. reported that seasonally adjusted orders for fluid power products in the third quarter of 1984 showed little change from the quarter that preceded it.

The NFPA says that distributors should expect slower but steadier growth in 1985 as a result of multiple factors. These include: companies completing the building of inventory begun in 1984, a flattening of interest rates and a drop in the sales of industries using fluid power products. The expansion period of economic "catch-up" is over, says the report.







Shown is order activity since 1977 in key fluid power markets. Data is plotted quarter-by-quarter. Quarters above the center-line are higher than the same quarter in the previous year. Quarters below the center-line are lower. The scale on left shows the degree of fluctuation.

REGIONAL REPORT

Sales gains ease in November

A surprisingly strong sales gain in October was pared in November. Sales fell nationally from October's 25% to 15%.

Two regions, New England and West North Central, turned negative dropping 1% and 5% respectively from last year's figures.

Holding up well in regional reporting are Pacific, up 27%, East North Central, 18%, South Atlantic, 15%, and Middle Atlantic, 10%. The strongest areas are Oregon-Washington, up 27%, Georgia-Florida, 25%, and Upstate New York, 20%.

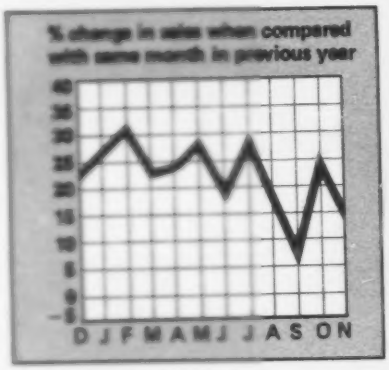
Figures for the first 11 months of '84 compared to '83 continue to be favorable with a 21% gain nationally. This is the same as October's figure. No negatives were recorded from the regions or areas in this category.

In month-to-month figures, a softening trend is evident with all the regions and areas reporting negative figures except Pacific, up 1%, and Oregon-Washington, 2%. Negative figures for monthly comparisons showed up earlier in the year during a soft period only to be completely reversed the following month. However, continuing monthly drops over a period of at least 3 months, confirmed by dropping national sales figures, would indicate a major break in sales. This has not happened since the recovery began (see graph), with two months (August and September) indicating the weakest period of 1984.

Receivables remain unchanged for both general liners and specialists. □

RECEIVABLES*	Nov. '84 Gen.	Spec.	vs	Nov. '83 Gen.	Spec.
New England	48	48		39	54
Middle Atlantic	43	44		45	45
South Atlantic	37	37		36	36
East North Central	39	42		39	41
East South Central	36	—		37	—
West North Central	—	42		—	40
West South Central	—	46		—	46
Mountain	—	—		—	—
Pacific	40	41		42	40
National	40	43		40	43

*Average days outstanding



November sales in retreat . . .

SALES BY REGIONS (% change)	Nov. '84 vs. Oct '84 Gen.	Spec.	Both	Nov. '84 vs Nov. '83 Gen.	Spec.	Both	1st 11 mos. '84 vs 1st 11 mos. '83 Gen.	Spec.	Both
NEW ENGLAND: CT, RI, MA, NH, VT, ME	-14	-11	-13	-8	+20	-1	+16	+22	+17
Connecticut	-18	—	—	-25	—	—	+19	—	—
Massachusetts	-5	—	—	+18	—	—	+15	—	—
MIDDLE ATLANTIC: NY, NJ, PA	-18	-8	-12	+19	+4	+10	+20	+18	+19
New York Metropolitan Area	—	—	—	—	—	—	—	—	—
Upstate New York	-19	+5	-9	+32	+18	+20	+29	+23	+26
Pennsylvania	-7	-12	-10	+19	+11	+14	+14	+24	+19
SOUTH ATLANTIC: DE, DC, MD, FL, GA, NC	-16	-12	-15	+15	+15	+15	+28	+15	+22
SC, VA, WV									
Georgia-Florida	-17	-14	-15	+41	+15	+25	+42	+19	+28
EAST NORTH CENTRAL: OH, IN, IL, MI, WI	-9	-5	-6	+13	+20	+18	+20	+22	+22
Indiana	—	—	—	—	—	—	—	—	—
Wisconsin	-18	-2	-5	+7	+17	+15	+14	+11	+12
Chicago	—	—	—	—	—	—	—	—	—
Michigan	-3	—	—	+28	—	—	+24	—	—
Ohio	-7	-8	-7	+14	+17	+16	+23	+21	+22
EAST SOUTH CENTRAL: AL, MS, KY, TN	-3	—	—	+13	—	—	+33	—	—
WEST NORTH CENTRAL: MN, ND, SC, IA, NE, KS, MO	-11	-34	-28	+2	-8	-5	-2	+15	+10
WEST SOUTH CENTRAL: AK, LA, OK, TX	—	-23	—	—	-8	—	—	+12	—
Texas	—	-23	—	—	-8	—	—	+12	—
MOUNTAIN: NM, AZ, CO, UT, NV, WY, MT, ID	—	—	—	—	—	—	—	—	—
PACIFIC: CA, OR, WA	-3	+19	+1	+27	+26	+27	+23	+20	+22
L.A.-San Diego	—	—	—	—	—	—	—	—	—
Oregon-Washington	-11	+20	+2	+22	+33	+27	+24	+10	+17
U.S. TOTALS	-10	-8	-9	+17	+13	+15	+23	+19	+21